GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4082
ANSWERED ON:27.03.2017
Crude Oil Production by ONGC
Kesineni Shri Srinivas

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC has reportedly overstated crude oil output and if so, the details thereof and the reasons therefor;
(b) whether some Government agency has objected to the components which were included in the calculation of production performance and if so, the details thereof along with the response of the Government in this regard;
(c) the likely impact on subsidy bill for ONGC during the last three years and the current year; and
(d) the likely implications of these over reporting of performance during the said period and the steps taken by the Government in the matter?

_____

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARAMENDRA PRADHAN)
(a) & (b). The Comptroller and Auditor General of India's report No. 21 of 2016 on "Crude Oil Production measurement and Reporting System in ONGC" had pointed out inclusion of 'condensate' quantity as crude oil production and thereby over-stating the crude oil production. There has also been overstatement of crude oil production to some extent by ONGC, particularly in Ankleshwar Asset. The mismatch between reported and measured quantity of crude oil occurred due to inconsistency in measurement procedures adopted across the different work centres of the organization. The difference between reported crude oil production and the finished crude has been due to the process of crude oil production, processing, storage & transportation and is mainly due to the following reasons:-
? Metering & Measurement discrepancies.
? Gravity Separation of Basic Sediments & Water (BS&W) and free water from oil during transportation,
? Release of gas during its processing,
? Evaporation & Transportation losses.
? Partial processing / stabilization of crude oil in offshore due to space constraint. This partially stabilized crude oil is transported through sub-sea pipeline to on land terminal. Crude oil is further processed to make it refinery / consumer compatible.
Keeping in view the recommendations of C&AG the following remedial actions have been taken by ONGC:-
? Corporate and Asset Specific Standard Operating Procedures (SOPs) for crude oil measurement and Reporting have been issued and implemented for standardizing accounting methodology across all Assets. Further, comprehensive guidelines titled "Adoption of Best Oil & Gas Accounting System in ONGC" have also been issued for implementation.
? In onshore, the legacy system of production reporting which led to mismatch between actual and reported production has been discontinued and reporting is being done through SAP system only.
? To avoid manual intervention in measurement and reporting of crude oil, meters and inventory measuring devices are being connected to SAP system through SCADA. The SAP − SCADA integration has been completed in offshore and is in progress in onshore assets.
(c). The Comptroller and Auditor General of India (C&AG) in its Report No.21 of 2016 has reported that ONGC bore an additional subsidy burden of Rs.18626.74 crore during 2011-12 to 2014-15. Further over reporting of Production in Ankleshwar and Assam Assets (inflating closing stock) has resulted in additional subsidy burden of Rs.160.69 crore.
(d). As per the Comptroller and Auditor General of India (C&AG) Report No.21 of 2016 over reporting of crude oil production helped ONGC to meet its production targets from 2010-11 to 2014-15, which resulted in excess pay-outs of Rs.106.51 crore on account of Performance Related Pay of employees.
ONGC has taken necessary steps for improvement in the crude oil production measurement and reporting system.
******